

DRAFT

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE, PINNACLE CONFERENCE ROOM
7575 EAST MAIN STREET
SEPTEMBER 16, 2003**

MINUTES

PRESENT: Tom Morrow, Chairman
Shaun Robinson, Vice Chairman
Margaret Dunn, Commissioner
Jerry Gleason, Commissioner
Sally Shaffer, Commissioner
Ned Sickle, Commissioner

ABSENT: Ken Goldfine, Commissioner

STAFF: Kathy Montalvo
Kathy O'Connor
Rebecca Eickley
Brad Gessner

OTHERS PRESENT FOR ALL OR PORTIONS OF THE MEETING:

Councilman Ecton
Rachel Sacco
Brent DeRaad
Dwayne Richard
Tim McGrane
Matt Lehrman
Davida Schiffman Smith

CALL TO ORDER

Chairman Morrow called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:00 a.m.

ROLL CALL

A formal roll call confirmed members present as stated above.

APPROVAL OF MINUTES

A MOTION WAS MADE BY VICE CHAIRMAN ROBINSON TO APPROVE THE MINUTES OF THE AUGUST 19, 2003 MEETING MINUTES AS PRESENTED. THE MOTION WAS SECONDED BY COMMISSIONER GLEASON AND PASSED UNANIMOUSLY.

BED TAX COLLECTION REPORT AND FINANCIAL REVIEW

Ms. O'Connor discussed the status of the bed tax receipts and expenditures for FY2002-2003 that ended on June 30, 2003. She reported for the fiscal year there is a \$192,000 shortfall to the bed tax collections. The plan would be to take that out of the Capital Fund.

Chairman Morrow stated the shortfall took a substantial jump from the June deficit. He inquired what caused the increased shortfall. Ms. O'Connor replied the difference is due partly because of the expenses associated with the Buffalo Bill exhibit that were not included in the pro-forma. Ms. Eickley noted that in the future they would have more up to date information.

Ms. Eickley stated she would like direction from the Commission regarding whether they felt the projected bed tax expenditures should be changed. She further stated that she and Ms. O'Connor felt that would be a possible retreat item.

Ms. O'Connor noted that the Fiesta Bowl contract for 2003-2004 has two more years at \$50,000.00.

Commissioner Sickel stated with regard to the \$740,000 shortfall there are a couple of key components Taliesin and the Loloma Museum. He inquired if any decisions have been made regarding those projects. Ms. Eickley reported the Taliesin will be a cash project. She further reported the answer regarding the Loloma project is less clear because there are concerns regarding the operating costs for that facility. They have decided to take a step back and look to see if the city could find someone to operate that facility. She added it is still possible that they would be issuing bonds for that project.

Commissioner Dunn inquired where the money comes from to cover the shortfalls. Ms. Eickley stated it would be transferred from the Capital Improvement Fund.

Ms. O'Connor thanked Ms. Eickley for the tremendous amount of work in assisting with all of the financial reports to the Commission.

Commissioner Dunn inquired if it would be feasible for the expenditures to stay at zero percent. Ms. Eickley replied staff is always looking for input from the Commission.

SCOTTSDALE CONVENTION & VISITOR'S BUREAU UPDATE

Ms. Sacco passed out copies of the CVB Annual Report. She reported the annual meeting was held on September 9th.

Ms. Sacco remarked they are proud of how they have been able to leverage their funds.

Ms. Sacco passed out copies of the Meeting Travel Planners Guide noting that it is a new piece that was just published.

Ms. Sacco commented they have a new transportation committee that will be looking at ways to help transportation become less of an issue and more of a benefit in Scottsdale.

Mr. DeRaad stated they have been working with the Signature Event operators to discuss with them how the CVB can help promote their events.

WESTWORLD MASTER PLAN UPDATE

Brad Gessner, General Manager, WestWorld, provided an update of the status of the WestWorld master plan. He stated the WestWorld master plan was unanimously approved last March by the City Council. In June, the Development Review Board unanimously approved the design concept. The only challenge is funding the \$89 million to implement the 10-year master plan. He further stated a Master Plan Funding Committee was formed to come up with a strategy for funding this plan.

Mr. Gessner stated they have entered into an agreement with Barrett Jackson to utilize their tent to host consumer shows.

Chairman Morrow inquired when the committee would have a strategy for funding the master plan. Mr. Gessner replied they anticipate making public the plan in another 30 to 45 days.

Chairman Morrow inquired if they had a long-term agreement with Barrett Jackson. Mr. Gessner replied in the affirmative. He stated they have long-term agreements with most of the signature events. Chairman Morrow stated WestWorld is obligated to provide them space but are they obligated to stay there. Mr. Gessner replied in the negative, but he stated the hope is that they are doing such a good job accommodating them that they never want to go anywhere else. He further stated that is one of the incentives for implementing the master plan.

Commissioner Sickles stated he was encouraged by the fact that Barrett Jackson purchased the 11-acre parcel next to WestWorld. Mr. Gessner stated this would be a good partnership because they would be able to utilize their space on the weekends for parking.

Mr. McGrane of Barrett-Jackson noted their long-term plan is to build a corporate center at that site.

2003 VISITOR INQUIRY STUDY ANALYSIS

Ms. O'Connor reported that for the past five years the Tourism Development staff has managed a Visitor Inquiry Study designed to ascertain certain characteristic and preferences among leisure travelers who have inquired to the Scottsdale CVB for information about the destination.

Ms. O'Connor stated the primary purpose of the study is to document a conversion rate among those inquirers, i.e. the number of individuals who actually visit Scottsdale after contacting the CVB and obtaining information.

Ms. O'Connor provided a brief overview of the 2003 Visitor Inquiry Study and analysis.

Ms. O'Connor remarked because this was the final year of the five-year agreement with Behavior Research Center, the Commission will need to address continuation of a survey, and identify any modifications to the objectives.

Chairman Morrow inquired how they assess the value of this information. Ms. Sacco stated it is a way for the city to measure visitor satisfaction with the destination. She further stated it does help the CVB with trend information. She commented the report is a bit outdated and does not allow them to measure the conversion rate from people who receive the visitors guide. The report does not accurately reflect the visitors who visit the web site. She further commented she would like to continue working with Ms. O'Connor on modifying the report. Chairman Morrow stated they would place this on a future agenda.

Commissioner Sickel stated the survey indicates that only half of the folks who visited Scottsdale come back. He suggested if they do the survey again they should add a question or two to help them pinpoint more precisely what they need to do differently to get folks to come back on a more regular basis.

NOVEMBER 4, 2003 RETREAT TENTATIVE AGENDA

Ms. O'Connor stated the Commission retreat is scheduled for November 4, 2003 at the Doubletree Paradise Valley Resort.

Ms. O'Connor requested the commissioners' review the tentative agenda items noting they are not cast in concrete.

Commissioner Sickel stated with regard to the Capital Projects fund he would like the Commission to discuss developing policies and guidelines regarding balancing the expenditures and revenue.

ADMINISTRATOR'S REPORT

Ms. O'Connor stated the Smith Travel Report for the month of July indicates hotel occupancy is up.

Ms. O'Connor reported included in this month's Smith Travel Report is a breakdown of Scottsdale selected market area hotels by price tiers. This additional report is being provided in follow up to a recommendation from the competitive set task force.

Ms. O'Connor inquired if the Commission felt this information was good to see on a semi-annual basis. The consensus of the Commission was this information was very helpful and there would be a lot of value to see it on a quarterly basis so they could remain proactive rather than reactive.

Commissioner Dunn stated the report indicates the upper-end property occupancy is down. She inquired if that has a trickle down affect on other businesses such as spas, gift shops and other services that are typically upper end. Ms. O'Connor stated their best indicator would be that the retail and restaurant activity revenues were up. Commissioner Gleason stated occupancy rates have been flat because they have reduced their average rate, but it appears they are taking the money they are saving and spending the money on other services like golf, spa services and restaurants. Ms. Sacco stated that is a valid point because they check on other destinations across the country and that is not the case. She further stated another issue for the retreat might be the issue of branding to make sure they continue to attract the high-end affluent visitor so they get the most bang for the destination buck, and how to continuously use resources to impact hotels and the destination.

Ms. Sacco requested at a future meeting they are allowed to update the Commission on some of the exciting things they are doing with their database and IRIS system.

Commissioner Gleason stated what this report does not tell them is that there are 1,700 new hotel rooms on their borders and a lot of people who would normally stay in Scottsdale may be going across the street to one of the newer properties so it is good news that they are flat.

Ms. O'Connor reported the Signature Event process has started and the solicitation letter has been sent out.

Ms. O'Connor stated the Taliesin contract is on the September 23rd City Council agenda.

UPCOMING EVENTS AND COMMISSION BUSINESS

Chairman Morrow reported the next regularly scheduled meeting would take place, Tuesday October 21, 2003.

ADJOURNMENT

There being no further business to come before the Commission, being duly moved and seconded, the meeting was adjourned at 9:20 a.m.

Respectfully submitted,

“For the Record” Court Reporters.